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An Act To Prohibit Predispute Mandatory Binding Arbitration Clauses in Consumer Contracts

Be it enacted by the People of the State of Maine as follows:

Sec. 1. 14 MRSA §5927, as enacted by PL 1967, c. 430, is amended to read:

§ 5927. Validity of arbitration agreement

A written agreement to submit any existing controversy to arbitration or a provision in a written contract to submit to arbitration any controversy thereafter arising between the parties is valid, enforceable and irrevocable, save upon such grounds as exist at law or in equity for the revocation of any contract. This chapter also applies to arbitration agreements between employers and employees or between their respective representatives, unless otherwise provided in the agreement. This section does not apply to a consumer contract, which may not contain a provision mandating arbitration. For purposes of this section, "consumer contract" means an agreement in which an individual contracts for goods or services for personal use or consumption.

SUMMARY

This bill prohibits predispute mandatory binding arbitration clauses in consumer contracts.